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SUBJECT: SMALL CZECH PARTIES AND THE 2006 ELECTION: 1 + 1
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1. (SBU) SUMMARY. The current consensus in political circles in Prague says that there will be only four parties in government after next June's elections and that likely scenarios include a grand coalition between the Social Democrats (CSSD) and the Civic Democrats (ODS), a minority government, or an arrangement under which the Communists (KSCM) support the Social Democrats. However, there are a handful of small, primarily liberal parties that could make a different scenario possible if they were to join forces and together collect enough votes to make it over the 5% threshold needed for entry into parliament. Post sat down with former Prague Mayor Jan Kasl, who is trying to use his party, the European Democrats (ED), as the umbrella organization for such an attempt. Kasl faces a number of problems including personal animosities, conflicting ambitions, and lack of money. There is also the threat that another small party could emerge as an alternative for disaffected voters. A fallback position for Kasl would be to unite only for the purposes of the local elections in Prague next November. END SUMMARY

2. (U) In the 2002 elections, roughly 1 vote in 8 was cast for parties that did not make it into parliament. Kasl estimates that the level of dissatisfied or disaffected voters looking for an alternative could be as high as 30 percent. Kasl believes that if personal differences can be set aside, and adequate financing obtained, his group will have no trouble getting more than 5 percent. Those are two big ifs. Kasl's detractors say he lacks the drive and pushiness to overcome these problems.

IT'S MY PARTY AND I'LL TRY IF I WANT TO

3. (U) Kasl established the ED in the summer of 2002 to compete in the local elections in Prague. The party took 15 seats and came in 2nd to ODS, which refused to form a coalition. ED is in the opposition in Prague. In the Spring of 2003 ED expanded to regions outside Prague in order to run for the EP elections in 2004. ED negotiated with SNK, the Union of Independents, which was started in 2000 to allow unaffiliated mayors to compete in regional elections. SNK won 2.8 percent of the votes in the 2002 elections for the lower house and two seats in the 2002 Senate elections. The joint slate of ED-SNK won 11 percent of the vote and three seats in the 2004 elections for the European Parliament. SNK's political leader, Josef Zielenec, who led the joint ticket, is now a member of the European Parliament.

4. (SBU) Kasl finds Zielenec a divisive figure. Kasl said, for example, that Senator Karel Schwarzenberg and economist Jan Svejnar both refused to join the ED-SNK ticket for the elections to the European Parliament because of Zielenec, who some accuse of being ambitious and egotistical. Schwarzenberg is the sole elected official for the ODA or Civic Democratic Alliance. ODA broke away from the Civic Democrats in 1991, to a large extent because of personal antipathy to then ODS chairman and current President Vaclav Klaus. This still makes cooperation with ODS difficult, if not impossible. ODA currently has heavy debts and support among voters that doesn't reach even one percent.

5. (SBU) Kasl finds a number of ideological similarities between his party and the Greens, and ex-president Havel is pushing to have the Greens as part of Kasl's plans. However, Martin Bursik, who is likely to be the next chair of the Greens, wants his party to run separately. The Greens received 1.1 percent in the 1998 elections, 2.4 percent in the 2002 elections, and 3.16 in the 2004 elections for the European Parliament. Former war correspondent and human rights activist Jaromir Stetina, though an independent, won a seat to the Senate in 2004 on the Greens ticket and could be expected to lend his support to Kasl's plan.

6. (SBU) Kasl said he has asked the Czech Republic's former EU commissioner, Pavel Telicka, to join the group. According to Kasl, Telicka indicated he would join if Kasl could guarantee that Telicka would receive a seat in parliament.

7. (SBU) Kasl thinks Freedom Union party vice-chair, Frantisek Pelc, could join the group and run successfully in his hometown of Liberec. Freedom Union is the largest of the small parties with 10 members in parliament's lower house. But party chief, Justice Minister Pavel Nemec, has so far

refused to bring the entire party into Kasl's group.

MONEY DOESN'T TALK HERE, IT RANTS

8.(U) Relatively small amounts of money can have significant influence on the conduct and outcome of elections in the Czech Republic. Parties receive funds from the state based on the number of seats they have in the Senate, The Chamber of Deputies, and local governments. If one party decides to join another party, the first party must cease to exist, thereby foregoing any income from seats it has. The money can't be transferred. A seat in the Senate brings the party 900,000 Crowns, or roughly USD 40,000 a year. Kasl would like to see three parties now represented in the Senate - Freedom Union, SNK, and ODA join him for next year's elections, but that would mean these parties would have to give up their state stipends. Freedom Union, which is expected to disappear from the Chamber of Deputies next year, receives USD80,000 a year for Senators Fejfar and Hadrova, both of whom are up for election next year. SNK also receives USD40,000 a year for two senators; Petrov whose term runs until 2010, and Novotny, whose term ends in 2008. In financial terms, asking SNK to join Kasl's party in 2006 is tantamount to asking SNK to forego six installments of USD40,000, or nearly a quarter of a million dollars. The third party, ODA, has only one senator, Karel Schwarzenberg, but his term also runs until 2010. If elected officials could bring their party stipends with them when they join new parties, it would be much easier for the small parties to form larger, significant blocs. But the law would need to be changed by parliament and the bigger parties there have no incentive to make it easier for smaller blocs to coalesce into stronger, more competitive parties.

9. (SBU) Kasl claims the state owes his party more than 10 million crowns for the 15 seats it won in the 2002 local elections. He says the figure will have risen to 15 million by the time of next year's elections and will seriously threaten his party's ability to compete in the elections if the money is not paid. Kasl explained that three laws could possibly apply and the state has chosen the one that provides the smallest stipend. Kasl says he has raised the issue with Finance Minister Sobotka and added that Sobotka doesn't see ED as a threat. Courts will settle the issue over the coming months, possibly too late for Kasl's election campaign. In the meantime Kasl is using student volunteers.

10. (U) Parties that receive more than 3 percent of the popular vote also are reimbursed by the state. In the last general election, the rate was 90 Crowns, or about four dollars per vote.

11. (SBU) If Kasl's group succeeds in getting into parliament, Kasl says they will push for European integration, more transparency in government, particularly on public procurement, and structural reforms needed in areas such as pensions and health care. Kasl said he wouldn't be content as a member of the parliamentary opposition because he feels there is so much that needs to be changed. He said he would prefer to join and ODS government, though the party would have to modify its current opposition to European integration before the European Democrats could join them. Kasl said a coalition with CSSD would also be possible.

12.(SBU) One wild card in the deck is Vladimir Zelezny, former director of TV NOVA, the first privately owned nationwide TV station to be set up after the fall of communism. Zelezny, although considered a crook by many and still facing charges of harming a creditor and tax evasion, was the only Senator to be elected in the first round of voting in 2002. He also was successful in his run for the European Parliament in 2004. On August 6th, Zelezny was chosen as chairman of a new party, the Independent Democrats. Kasl represents a worldly, tolerant, intelligentsia. Zelezny, on the other hand, aims to mine the wider vein of xenophobia and intolerance. And along with that populist appeal, he has money and that could win him enough votes to enter parliament. On the day he was chosen to lead the new party, Zelezny, who will run in the wine region of Southern Moravia, gave an interview to Blesk, the nation's tawdriest tabloid and best-selling paper, saying, "Why should Moravian wine be made from Moldavian grapes? Why should an American junkie or someone interested in child pornography visit our country without visas just because he is an American while a blameless Czech must undergo the US visa bullying." Kasl said he wouldn't work with Zelezny. Ever. Kasl also said he feared that Zelezny would succeed and predicted his votes would be taken from ODS. Whereas Kasl claims his three year old party has approximately 500 members, Zelezny claims to have signed up 700 followers in a few weeks.

13. (SBU) If Kasl and those who agree with his plan can't make a credible run for representation in Parliament in next June's elections, they will continue trying to join forces for the Prague local elections, scheduled for next November. Senator Edward Outrata, an unaffiliated representative of one

of Prague's constituencies, supports this plan. As he put it, " The idea os to join the forces of the pro-European center right, who are basically liberals. They agree with the Civic Democrats on many economic issues, but on the other hand can't accept the nationalist orientation, which borders on xenophobia."

14. COMMENT: (SBU)It's still too early to say whether any of the so-called minnows will make it into the next Czech parliament. Administrative hurdles, personal differences, and lack of funds mean the small party will have a difficult time. A seat at the table for a group of liberals united under Kasl's banner would likely tend to further more honest, accountable government, and support positive ties with the U.S. Entry of the Greens into Parliament or a coalition government would also foster cleaner government and a continuation of the current Czech focus on human rights. A role for Zelezny's party, on the other hand, would lead to appeals to Czech nationalism and demagogery. There are many voters looking for an alternative to the politics of the last eight years, though likely not enough to support the entry of all three of these parties into parliament. Kasl probably has the best chance of the three, particularly if he can persuade the Greens or Freedom Union to join him. If he can't find some money and bring at least some of the others into his tent, Zelezny stands the best chance of becoming the small player with the disproportionate influence in national politics.

MUNTER